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BASIS FOR HIDES AND SKIN SURPLUS DECLARATION BY DEPARTMENT OF AGRICULTURE

The Department of Agriculture recently declared cattle hides, calf skins, and kip skins "surplus" within the definition of Section 545(b) of Public Law 665, the foreign aid law. This action means that the recipients of U.S. foreign aid dollars for purchases of cattle hides, calf skins and kip skins must purchase such hides and skins in the U. S.

No financing of any hides or skins in a particular country under P.L. 480 will be considered until careful attention is given to the over-all effect on the industry as a whole with other interested agencies of the Government even though the Department has declared cattle hides, calf skins, and kip skins "surplus" under P.L. 480. When appropriate this would include consultation with industries primarily interested.

The Department of Agriculture regularly reports end-of-month cold storage holdings of hides and pelts, a large portion of which are cattle hides, calf skins and kip skins. Cold storage holdings at the end of December 1955 totaled 78.1 million pounds, which were down moderately from the 96.8 million pounds a year earlier but except for that year were greater than any December since 1945.

Appreciable differences are evident in the available statistics for hides and skins and the end product - leather. The Department's analysis of the situation for cattle hides, calf skins, and kip skins indicates that net supplies available for domestic use in 1954 after appreciable net exports, totaled about 2.5 million hides and skins above the quantity used domestically. Even with increased net exports of cattle hides, calf skins, and kip skins in 1955, this analysis indicates little change in the total carry-over stocks during the year.

Price is an important factor in determining "surplus" position for commodities such as hides and skins. It also is necessary to take into consideration prices of other commodities for periods of more than one year. For instance, the Department of Labor indexes, using 1947-49 as a base equaling 100, show that the index for hides and skins prices in December of 1955 was 61.1 compared with leather prices at 88.4, wholesale shoe prices at 115.4, and consumer prices at 114.7. Prices received by producers for beef cattle in mid-December 1955 were equivalent to only 67.1 percent of the 1947-49 average.

Chicago prices of heavy native steer and light native cow hides in December 1955 were somewhat higher than those of a year earlier. The December prices, however, were about the same as two years earlier, but otherwise were the lowest since 1940. Recent market reports indicate some declines for cattle hides. Prices of calf and kip skins showed a fairly large increase during the year, but still are not high in relationship to the consumer price level.

Cattle hides, calf skins, and kip skins are being produced in excess of domestic requirements and prices of these items would be considerably lower than the current levels if prices were dependent upon only the domestic market.

For the above reasons, the Department of Agriculture has declared cattle hides, calf skins, and kip skins surplus. The determination has been made known to other interested agencies. As a result of the decision, recipients of U.S. aid dollars authorized for purchases of cattle hides, calf skins, and kip skins are required to make such purchases in the U.S. No financing of any hides or skins in a particular country under P.L. 480 will be considered until careful attention is given to the over-all effect on the industry as a whole with other interested agencies of the Government. This declaration of surplus in no way relates to the jurisdiction of the Department of Commerce under Executive Order 10480.

REPORT ON THE STATUS OF THE HIDE AND SKIN INDUSTRY

The Department of Commerce has recently received certain information regarding the hide and skin industry in the United States. This information was obtained from a confidential source who has been in the industry for many years. This source has provided the following information:

The hide and skin industry in the United States is a very important one. It is one of the largest industries in the country. The industry is divided into two main branches: the tanning industry and the leather goods industry. The tanning industry is responsible for the production of raw hides and skins, while the leather goods industry is responsible for the production of finished leather goods.

The hide and skin industry in the United States has been experiencing a period of depression since 1929. This is due to a number of factors, including a general decline in the economy, a decrease in the demand for leather goods, and a shortage of raw hides and skins. The industry has been unable to recover from this depression, and it is expected to continue to decline for some time.

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CATTLE HIDES, CALFSKINS AND KIPSKINS: Production, Exports, Imports, Net Exports,
Apparent Domestic Supply, Domestic Use, and Chicago
Hide and Skin Prices, Annual 1947-55

Year	1/ Production	2/ Exports	3/ Imports	4/ Net Exports	5/ Apparent Domestic Supply	6/ Domestic Use	7/ Hide Prices	8/ Prices
	million hides and skins						cents per lb.	
	Cattle hides						steer	cow
1947	23.4	1.3	1.3	0	28.8	27.3	28.7	
1948	20.1	.3	2.5	-.2	26.1	27.7	28.4	
1949	19.8	1.1	.9	+.2	23.3	22.6	25.3	
1950	19.6	.4	3.3	-2.9	24.4	26.8	29.1	
1951	18.2	.4	3.2	-2.8	22.7	31.0	34.2	
1952	19.8	1.1	1.2	-.1	22.7	15.0	18.1	
1953	25.6	2.4	.5	+1.9	24.1	14.9	17.8	
1954	27.1	5.2	.4	+4.8	24.1	11.7	14.3	
1955	27.8	5.6	.5	+5.1	25.9	12.4	13.5	
	Calf and kipskins						Calf- skins	kip- skins
1947	15.5	.5	.6	-.1	12.5	78.0	46.7	
1948	14.0	1.1	1.0	+.1	10.5	60.8	39.3	
1949	13.0	.9	1.0	-.1	10.2	60.2	44.2	
1950	12.1	.4	3.2	-2.8	10.7	69.7	52.9	
1951	10.6	.3	2.5	-2.2	8.0	63.6	50.8	
1952	11.1	.8	1.6	-.8	10.0	43.7	33.5	
1953	14.0	1.6	1.9	-.3	10.0	50.5	34.7	
1954	15.1	2.6	1.2	+1.4	9.4	38.3	25.7	
1955	15.3	3.2	1.4	+1.8	11.0	44.4	29.3	
	Total cattle hides, calfskins and kipskins							
1947	38.9	1.8	1.9	-.1	39.0	41.3		
1948	34.1	1.4	3.5	-2.1	36.2	36.6		
1949	32.8	2.0	1.9	+.1	32.7	33.5		
1950	31.7	.8	6.5	-5.7	37.4	35.0		
1951	28.8	.7	5.7	-5.0	33.8	30.7		
1952	30.9	1.9	2.8	-1.9	31.8	32.7		
1953	39.6	4.0	2.4	+1.6	38.0	34.1		
1954	42.2	7.8	1.6	+6.2	36.0	33.5		
1955	43.1	8.8						

